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STATE FOR EB/TPP/ABT THOMAS LERSTEN
STATE PASS COMMERCE/ITA/OTEXA/MARIA DQANDREA
USTR ABIOLA HEYLIGER

E.O. 12958: N/A
TAGS: KTEX ECON ETRD SN
SUBJECT: TEXTILES AND APPAREL: UPDATED STATISTICS AND
PROJECTION OF FUTURE COMPETITIVENESS

REFS: A) STATE 138090 B) 04 SINGAPORE 2753

¶1. In response to Ref. A, Post provides the following updated information concerning SingaporeQs textile and apparel industry.

STATISTICS

Total Industrial Production:

Year	USD (million)
2005	124,758
2006 H1	not available

Total Textile/Apparel Production:

Year	USD (million)
2005	469.6
2006	not available

Textile/ApparelQs share of Imports/Exports (percent):

Year	Imports	Exports
2005	0.94	0.95
2006 H1	1.47	1.07

Textile and apparel exports to the United States: USD (million)

Year	Textile Exports	Apparel Exports
2005	2.3	735.5
2006 H1	3.0	396.6

Total Manufacturing Employment:

2005	370,650
2006 H1	not available

Textile/Apparel Employment:

2005	9,539
2006 H1	not available

USD Exchange Rate:

2005	1.66
2006 H1	1.59

Source: International Enterprise (IE) Singapore, Department of Statistics, and Monetary Authority of Singapore

¶2. SingaporeQs textile/apparel industry continues to diminish in importance compared to key industries such as electronics, chemicals, and precision engineering. Domestic production of textiles and apparel has contracted from an already low 1.5% of total manufacturing output in 1980 to 0.4% in 2005. Employment in this sector has similarly fallen, from 16,922 workers in 1995 to 9,539 in
¶2005. In 2005, Singapore had 725 textile/apparel

companies, of which 100 were involved in manufacturing, mainly of higher-end labels. These manufacturers are subject to zero tariffs under the U.S.-Singapore Free Trade Agreement. In July 2006, USTR recommended textile rules of origin changes to the FTA in response to a positive determination regarding SingaporeQs short supply request. SingaporeQs textiles and apparel exports to the United States have steadily declined, by 15.2% in 2004; 12.0% in 2005; and 19.3% in the first half of 2006.

¶3. With government encouragement, the textile/apparel industry has evolved from a low-cost, labor intensive base (that began to move offshore in the 1980s) into a fashion and design hub. More than 100 home-grown designers and brands currently operate in Singapore. The lifting of textile and apparel quotas under the WTO in January 2005 has given buyers more leverage to dictate prices to vendors.

¶4. To remain competitive and take advantage of quota eliminations, Singapore manufacturers continue to relocate operations to low-cost neighboring countries, China, South Asia, Central America, and Africa. Restrictions on China imposed by the United States and the European Union have had minimal effect on Singapore companies. As of 2005, more than 70 international buying houses have set up operations in Singapore (with GOS-provided incentives) to conduct regional sourcing of textiles and apparel in South and South East Asia worth about US$2.5 billion annually.

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